



THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

DEC 21 2002

The Honorable Bob Stump
Chairman, Committee on Armed Services
House of Representatives
Washington, DC 20515-6035

Dear Mr. Chairman:

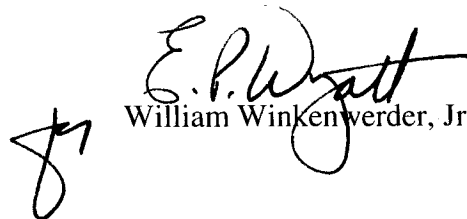
The Fiscal Year (FY) 1999 National Defense Authorization Act (NDAA) provided that TRICARE Prime enrollees who pay enrollment fees should be given options for paying these fees monthly, in addition to the annual and quarterly payment options currently available, and should be able to pay by allotment from retired pay or by electronic funds transfer from financial institutions. The purpose of this letter is to provide you with an update on the Department of Defense's implementation of this provision. There has been a delay in implementing the payment option due to a variety of systems and funding issues.

The new payment options will begin with implementation of the first regional contract under the next generation of TRICARE contracts (T-Nex), scheduled for March 2004. We had previously planned to implement the new payment options in the first quarter of FY 2003. However, a lengthy contract modification process (approximately 18 months) would be required to implement these changes ahead of T-Nex. Such an approach would add significant costs to the program and would not permit implementation of the payment approaches significantly earlier than the T-Nex implementation date.

Please be assured that the Prime Premium Collection Program continues to be an important feature of the TRICARE program and every effort will be made to ensure its timely and efficient implementation.

Thank you for your continued interest in the Military Health System.

Sincerely,


William Winkenwerder, Jr., MD

cc:
Representative Skelton